

PUBLIC HOSPITAL DISTRICT NO. 2 OF SKAGIT COUNTY
DBA ISLAND HOSPITAL
Skagit County, Washington
January 1, 1993 Through December 31, 1993

Schedule Of Findings

1. Physical Inventory Of Fixed Assets Should Be Performed

In 1991, it was recommended that Island Hospital perform a physical inventory of its fixed assets and reconcile the results of the physical inventory to the fixed asset register. Based on our current year review, Island Hospital has yet to perform a physical inventory.

RCW 43.09.200 requires the State Auditor to prescribe uniform accounting systems. The *Budgeting, Accounting and Reporting System* (BARS) manual states in Volume 1, Part 3, Chapter 7:

Accountability for fixed assets is required for all local governments. An adequate fixed asset accounting system enables government agencies to meet the statutory requirements to produce adequate records and reports and to safeguard assets properly.

Island Hospital does maintain adequate fixed asset records. However, due to the large financial commitment required to perform a physical inventory, Island Hospital has not performed a physical inventory of fixed assets.

Fixed assets cannot be accurately reported when their existence has not been periodically verified via a physical inventory.

We again recommend that Island Hospital perform a physical inventory of fixed assets and reconcile the results to the fixed asset system. Once a physical inventory has been completed, the detail should be reviewed by the departments on a regular or rotating basis.